

**MALAYSIA TOURISM AND ECONOMIC GROWTH:
INPUT OUTPUT ANALYSIS**

By

ANUSUYA A/P RAVINDRAN

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ABSTRACT

Tourism sector is an important sector that many countries are focusing on the development of tourism sector. There are many studies show there is a significant relationship between tourism sector and economic growth. The objective of this study is to see how significant the tourism sector extension would give impact on the Malaysia GDP and other macroeconomics aspects. The method used in this study is input output analysis. Using Malaysia input output table 2010, the 124 commodities were aggregated into main sectors in Malaysia and disaggregate the tourism sector. After that, the technical coefficient were calculate to the see the direct requirement of input needed by the sector to produce outputs. Then the multiplier effect which is the output multiplier and export of tourism sector multiplier and also the backward and forward linkages between tourism and non-tourism sectors in Malaysia. The multipliers shows that the tourism sector contributes to Malaysia economic by generating output and the export of tourism sector. Besides that, the interlinkages between sectors shows that there are strong linkages between tourism sectors with other sectors. It creates the demand and supply of outputs that can stimulates the economy.

ABSTRAK

Sektor pelancongan adalah penting bagi negara yang mementingkan pembangunan ekonomi. Banyak kajian menunjukkan terdapat hubungan signifikasi di antara sektor pelancongan dan pertumbuhan ekonomi. Objektif kajian ini ialah untuk melihat sejauh mana pembangunan sektor pelancongan memberi kesan terhadap pertumbuhan ekonomi dan aspek makroekonomi yang lain. Keadah kajian yang digunakan adalah analysis input output. Dengan menggunakan jadual input output 2010, 124 komoditi telah diagregatkan kepada 8 sektor di malaysia dan sektor pelancongan dipisahkan. Kemudian kesan pengganda and hubungan antara sektor telah dikaji. Kesan pengganda menunjukan sektor pelancongan kepada pengeluaran dan eksport sector pelancongan. Selain itu, hubungan yang kuat diantara sektor telah diperolehi dimana permintaan dan penawaran pengeluaran akan membantu dalam pertumbuhan ekonomi.

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CHAPTER 1

INTRODUCTION

1.1 Introduction

For past six decades, international tourism have shown a huge development and also experiencing continued diversification. Experiencing continued expansion tourism is becoming one of the largest and significantly growing economic sector. International tourist arrivals grew by 5% in 2013 which is 1087 million arrival worldwide. This shows an increment from year 2012 with 1035 million arrival million (UNWTO, 2014). Tourism industry which already growing since ancient time found successful in generating income of a countries. Number of tourist destination are growing bigger and bigger. According to Khaleed (2009), tourism is one of the method to overcome macroeconomic problems. By focusing in tourism sector brings promising benefits to the country as it is one of the tool to generators of income and employment creation. Tourism based development plays a vital pivotal role in contributing to its GDP growth both in developed and developing countries.

Nowadays many countries focusing on tourism sector as a tool to develop their countries in term of many facets. Countries mainly developing countries are promoting and sustaining a world class tourism to generate economic growth. Developing countries are trying to enact policies to improve their tourism industry as a tool to develop their foreign exchange earnings. Malaysia are never left out in promoting their tourism in many ways. According to Elsadig and Abdur (2011) said that Malaysia is becoming of the leading tourist destination competing with other

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